



Integrated Safeguards Data Sheet Identification / Concept Stage (ISDS)

Concept Stage | Date ISDS Prepared/Updated: 18-Jun-2018 | Report No: ISDSC23833

BASIC INFORMATION

A. Basic Project Data

Project ID	Project Name	Environmental Category	Country
P166413	Myanmar RBF Off-grid Solar	B - Partial Assessment (B)	Myanmar
Team Leader(s)	Estimated Date of Approval	Managing Unit	Financing Instrument
Sunil Kumar Khosla, Raluca Georgiana Golumbeanu, William Onahan Gallery		GEE02	Investment Project Financing

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	3.45
Total Financing	3.45
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	3.45
Energy Sector Management Assistance Program	0.45
Global Partnership on Output-based Aid	3.00

B. Project Development Objective(s)

The objective of the RBF for Off-grid Solar is to help increase access to electricity in Myanmar.

C. Project Description

The activity consists has two components: a) results-based subsidies to eligible companies selling Lighting Global certified products; b) implementation support.

Component 1: Results-based subsidies (US\$ 3.25 million) provided to eligible companies/NGOs for solar products ranging from 0.3 watt peak (Wp) solar lamps up to 50 Wp SHS. These products cater for basic needs such as lighting and phone charging (Sustainable Energy for All - SE4All tier 1 access) as well as the operation of direct current (DC) appliances such as televisions and fans (SE4All tier 2 access). The activity will contribute to more sustainable, private sector driven off-grid solar market development. It will address high initial



market development costs faced by the private sector in Myanmar, contributing to supply chain development and provision of quality sales and services. As RBF/OBA solar energy programs have demonstrated, potential customers would benefit of increasing market competition, which is expected to result in offer of quality products at competitive price.

RBF grant will promote Lighting Global certified products that are delivered with 1-3 year warranty requirement depending on product and after sales service. The Lighting Global testing procedure for small solar systems up to 10 Wp has become an international standard IEC-TS 62257-9-5, while the testing procedure for SHS kits up to 350 Wp is planned to be formalized as IEC standard in 2018. Companies can either select one of currently 134 certified products of 65 suppliers or submit their untested products for certification.

Companies entering the rural solar market in Myanmar with quality products and services are facing the challenge of high market risks and market entry costs. Risks include uncertainty of market uptake caused by low willingness to pay of the households due to the competition of cheap low quality products and uncertainties of planning rural electrification projects. Market entry costs include marketing, employment and training of staff, rent for office and warehouse space, import and transport logistics, and facilitation of consumer financing. Companies' income consist of sales revenues which are usually low and difficult to predict in the pilot phase. High initial investment is required to bridge the time until increased sales eventually pay off. Depending on their confidence in the market potential, equity investors will accept higher risks to quickly scale-up a company's market entry or require a slower approach, expecting first results before decisions on further expansions are taken. The RBF grant incentive aims to accelerate market uptake by partially compensating companies for risk taking and high marginal retail costs incurred by entering new markets.

A subsidy of maximum US\$ 50 per system sold will be reimbursed to solar companies/NGOs based on certification of sales by an independent verification agent hired by DRD, on sample basis. The subsidy calculation and adjustment mechanism will be presented in the Operating Manual. Commercial practices will be applied for the proposed RBF grant.

Component 2: Implementation support to DRD (US\$ 200,000). Key activities include overall management and promotion of the RBF Off-grid Solar, launch of the RBF call for proposals, communication with companies, processing of RBF subsidy contracts, annual review of the RBF incentive, monitoring of the grant implementation, hiring and coordination of the independent verification agents (IVA), review of the output verification reports and processing of subsidy disbursement transactions.

ESMAP approved US\$450,000 for the RBF. The ESMAP recipient executed grant will provide results-based subsidy to facilitate the market uptake for Lighting Global certified products. Additional grant funding in the amount of US\$ 3 million has been approved for eligibility (concept stage) by GPOBA as follows: a) US\$ 2,8 million for RBF subsidy; and b) US\$ 200,000 for implementation support.

SAFEGUARDS

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Based on the nature of the technology, the Lighting Global certified products supported under the proposed grant have very small footprint and are widely dispersed. The proposed RBF proposed grant will initially support the ongoing IFC-led Lighting Myanmar activities in central Myanmar as envisaged at NEP project design. In the longer term, the scope of the project remains national, demand driven, where households are willing to buy Lighting Global certified solar products. The revised NEP's ESMP will apply. The ESMF will include this activity in the typology of sub-projects covered, with corresponding brief ECOPs added (e.g. encouraging appropriate disposal). An Action Plan to address NEP safeguards policies issues has been articulated as a part of the project MTR. The key elements include (i) revision of ESMF by the client with support provided by GIZ, (ii) upstream E&S support by GIZ, (iii) recruitment of the minimum number of local safeguards consultants with a view to add additional consultants as capacity deficit becomes clearer; (iv) continued training of implementing agencies staff.

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E. Borrower's Institutional Capacity for Safeguard Policies

DRD is responsible for monitoring the safeguards' compliance for the proposed grant. Overall, DRD in-house safeguards capacity has been weak. In March 2018, a local environmental and social safeguards consultant was engaged by PMO. Moreover, GiZ has recently engaged an international consultant to support the client with the ESMF's revision. Since safeguards staffing and resources have been below those agreed at appraisal, the World Bank has provided training and capacity building activities included: in-mission training session to assigned staff on screening using the ESMF screening form (May 2017), two day training on environmental and social safeguards to NEP staff (June 2017), two day training on grievance redress and village electrification guidelines to NEP Union level staff (September 2017), two day training on grievance redress and village electrification guidelines to NEP township engineers (November 2017), two day training on environmental and social safeguards to NEP staff (April 2018).

F. Environmental and Social Safeguards Specialists on the Team

Martin Fodor, Environmental Safeguards Specialist
Zeynep Durnev Darendeliler, Social Safeguards Specialist

G. Policies that might apply

Safeguard Policies Triggered by the Project	Triggered?	Explanation (Optional)
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Environmental Assessment OP/BP 4.01	Yes	<p>The RBF grant supports the supply of small solar products of up to 50Wp capacity, with minimal environmental impact that would correspond to EA category C. Considering this activity as part of NEP broader suite of interventions and the country-specific social risks associated with social inclusion, the proposed project is treated as EA category B as overall NEP project.</p> <p>The NEP's revised Environmental and Social Management Framework (ESMF) will be applied. The revised ESMF is currently developed by the client with support provided by GiZ and is expected to be finalized by the beginning of June, 2018. The revised ESMF will be approved by the World Bank (following the review and clearance by Regional Safeguards Advisor) prior to the appraisal of the proposed grant. The revised ESMF will undergo public disclosure and consultation process prior to appraisal.</p> <p>As a part of the revised ESMF, the proposed RBF grant for Off-grid Solar will be included in the typology of sub-projects with its own brief ECOPs added. Battery based products, disposal / recycling will be considered as a part of NEP's solar program sustainability plan agreed during the Mid-term Review (April 24-May 25, 2018).</p> <p>NEP's ESMF revision is aimed to (i) tailor the document more specifically to the types of sub-projects funded, (ii) make its prescriptions more proportionate to the risk of different sub-project types, (iii) revise its screening guidance to make it more user friendly, (iv) exclude from early sub-projects those with land acquisition and develop a protocol for voluntary land donation; and (v) inform the revisions by piloting simplified screening for grid and mini-grids.</p>
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Natural Habitats OP/BP 4.04	No	Significant impacts on natural habitats are not expected.
Forests OP/BP 4.36	No	The grant will not affect any forestry activities nor require triggering of OP4.36.
Pest Management OP 4.09	No	The pest management policy is not triggered under the proposed RBF off-grid solar grant.
Physical Cultural Resources OP/BP 4.11	No	Given the scope of the proposed grant, OP/BP 4.11 is not triggered.
Indigenous Peoples OP/BP 4.10	Yes	<p>The project triggers OP 4.10 because ethnic minorities that fit the criteria of indigenous people are present in project areas. As part of the ESMF, the Indigenous Peoples Planning Framework will also be revised to ensure that the project obtains and documents broad community support in areas with ethnic minorities, following free, prior and informed consultation. To date, systematic application and documentation of the policy has been weak, but the revised ESMF and increased safeguards staffing should improve application. While some facilitators are used in consultations to communicate in ethnic languages, general communication and grievance materials under NEP still need to be translated in to ethnic languages.</p> <p>The RBF will not specifically target areas with ethnic minorities. Originally, NEP was designed to serve more peripheral and ethnic areas in Myanmar with high-subsidy solar systems, while the IFC provided lower-subsidy solar systems in central Myanmar to jump-start the private market in these more accessible areas. During NEP implementation so far however, DRD has also included the central Myanmar areas in ICB SHS, with higher-subsidy support than planned. However, the next round of high subsidy support under ICB SHS will be concentrated in ethnic areas. As higher-subsidy support</p>

		shifts to peripheral ethnic areas, the lower-subsidy RBF support will target central Myanmar to stimulate the private sector in these areas.
Involuntary Resettlement OP/BP 4.12	No	The grant does not trigger OP 4.12 on Involuntary Resettlement since it supports small solar systems of up to 50 Wp that will not have physical footprint.
Safety of Dams OP/BP 4.37	No	The project intervention is not expected to require the construction of dams or impoundment structures, nor is it expected that it could cause impacts to existing structures as governed by this policy.
Projects on International Waterways OP/BP 7.50	No	The project intervention is in nature and in scale not expected to cause any drainage or discharges to surface waters, nor entail any significant usage of surface water for cooling or other purposes, that would affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project intervention is not in disputed areas and will be wholly within the borders of Myanmar.

H. Safeguard Preparation Plan

Appraisal stage ISDS required? Yes

a) Tentative target date for disclosing the appraisal stage ISDS
31-May-2018

b) Time frame for launching and completing the safeguard-related studies that may be needed.
The revised ESMF is expected to be finalized by June 2018.

APPROVALS

Team Leader(s):	Sunil Kumar Khosla
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Approved By

Safeguards Advisor:	Surhid P. Gautam	09-May-2018
Practice Manager/Manager:	Julia M. Fraser	09-May-2018



¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) by the Bank and (ii) in country by the Borrower/Recipient, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.